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Concept and Characteristics of Business, Profession and Employment.

Quick Review–

-> Types Of Human Activities

- (i) Economic Activities
- (ii) Non-Economic Activities

-> Types Of Economic Activities

- (i) Business. (ii) Profession.
- (iii) Employment.

Concept Of Business

Business is an economic activity which is concerned with the production and sale of goods and services on a regular basis needed by the society with the aim of earning profit.

“Business may be defined as an activity in which different persons exchange something of value, whether goods or services for mutual gain or profit” –Peterson and Plowman

“Business is an institution organised and operated to provide goods and services to society under the incentive or private gain.” –Wheeler

“Business may be defined as human activity directed towards producing or acquiring wealth through buying and selling goods. –L. H. Haney.

Characteristics Of Business

- (i) An economic activity : Business is considered as an economic activity as it is undertaken with the objective or aim of earning money and livelihood and not for psychological satisfaction.
- (ii) Production of goods and services: Every business enterprise either produces goods or services for producers. Goods may consist of consumer or industrial goods and services may include transportation banking insurance, etc.

(iii) Profit earning: The main purpose of business is earning profit. If the profit motive is missing in a transaction then it cannot be considered as a business transaction.

(iv) Uncertainty of risk : Another important business is the presence of risk factor in a transaction. There is always a possibility of losses.

Functions Of A Business Firm

(i) Financing.

(ii) Production.

(iii) Marketing.

(iv) Human Resource Management.

Characteristics Of Business

(i) Economic activity.

(ii) Deals in goods and services.

(iii) Satisfaction of human wants.

(iv) Regular dealings.

(v) Profit motive.

(vi) Risk factor.

Business As An Economic Activity

(i) Profit motive : The main motive of every business activity is to earn money in the form of profit and any activity which result in earning of money and creation of wealth is considered as an economic activity.

(ii) Creation of utility: Business activity results in creation of utilities. Businessmen create three types of utilities like; form utility, time utility and place utility.

(iii) Exchange of goods and services : Economics activity aim at earning by exchange of goods and services similarly, business activities results in sale, distribution or exchange of goods and services for earning profit.

Definitions Of Business

Know the Terms

-> **Economic activities** : Are those activities which are undertaken by people with the object of earning income or livelihood or to satisfy material needs e.g., a worker working in a factory, a taxi driver driving a taxi, etc.

-> **Non-Economic activities**: Are those activities which are undertaken to satisfy social, psychological and emotional needs. The purpose of these activities is not to earn money or to satisfy material needs, e.g., person engaged in religious work, a mother looking after her children, etc.

-> **Business:** It is an human economic activity, concerned with the purchase or production and sale of goods supply of services with a view to earn profits by satisfying the needs of consumers.

-> **Profession:** It refers to an economic activities which requires some specialised skill or knowledge, is governed by certain code of conduct and is done with service motive, e.g., Doctors, Lawyers, etc.

-> **Employment:** Employment is an occupation were an individual agrees to work for a person or an organisation in return of wages or salaries, e.g., Managers, clerks, factory workers etc.

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